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**KEITH KNOX**  
TREASURER AND TAX COLLECTOR

## COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 437, Los Angeles, California 90012  
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ttc.lacounty.gov and propertytax.lacounty.gov

Board of Supervisors  
**HILDA L. SOLIS**  
First District  
**MARK RIDLEY-THOMAS**  
Second District  
**SHEILA KUEHL**  
Third District  
**JANICE HAHN**  
Fourth District  
**KATHRYN BARGER**  
Fifth District

September 9, 2020

TO: Supervisor Kathryn Barger, Chair  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn

FROM: Keith Knox   
Treasurer and Tax Collector

SUBJECT: **BOARD MOTION MARCH 31, 2020 – AGENDA ITEM NO. 29  
REQUEST FOR 30- DAY EXTENSION ON SOCIALLY RESPONSIBLE  
INVESTING REPORT BACK**

On March 31, 2020, your Board directed the Treasurer and Tax Collector, in consultation with the Chief Executive Officer, the Chief Sustainability Officer and County Counsel, to report back in 180 days with a proposal to incorporate considerations related to Environmental, Social and Corporate Governance (ESG) investing and Socially Responsible Investing (SRI) into the March 2021 Investment Policy update, along with an analysis of how these considerations are aligned with our fiduciary obligations under the Government Code and how other comparable governmental agencies consider ESG and SRI issues in their investment policies. The proposal should include a recommendation for annual reporting on investments by business sector and ESG and SRI issues in our Treasury Pool investments, and an analysis of any costs or consultant support necessary to achieve these goals.

We request, respectfully, additional time to complete our analysis and recommendations. Therefore, we request a 30-day extension to October 30, 2020, to submit our report to your Board.

Should your Board have any questions, please contact me directly or your staff may contact Elizabeth Buenrostro Ginsberg, Chief Deputy, at (213) 974-0703 or [eginsberg@ttc.lacounty.gov](mailto:eginsberg@ttc.lacounty.gov), or Nai-len Ishikawa, Assistant Treasurer and Tax Collector, at (213) 974-2139 or [nishikawa@ttc.lacounty.gov](mailto:nishikawa@ttc.lacounty.gov).

KK:EBG:NWI

c: Fesia Davenport, Acting Chief Executive Officer  
Mary Wickham, County Counsel



**KEITH KNOX**  
TREASURER AND TAX COLLECTOR

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October 16, 2020

TO: Supervisor Kathryn Barger, Chair  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn

FROM: Keith Knox   
Treasurer and Tax Collector

SUBJECT: **BOARD MOTION MARCH 31, 2020 – AGENDA ITEM NO. 29  
REPORT BACK ON SOCIALLY RESPONSIBLE INVESTING**

On March 31, 2020, your Board directed the Treasurer and Tax Collector (TTC), in consultation with the Chief Executive Officer, the Chief Sustainability Officer and County Counsel, to report back in 180 days with: 1) a proposal to incorporate considerations related to Environmental, Social and Corporate Governance (ESG) investing and Socially Responsible Investing (SRI) into the March 2021 Investment Policy update; and 2) an analysis of how these considerations are aligned with our fiduciary obligations under the Government Code and how other comparable governmental agencies consider ESG and SRI issues in their investment policies. In addition, your Board specified the proposal should include a recommendation for annual reporting on investments by business sector and ESG and SRI issues in our Treasury Pool investments, and an analysis of any costs or consultant support necessary to achieve these goals. On September 9, 2020, we requested a 30-day extension to complete our analysis and present recommendations at the October 7, 2020 Operations Cluster meeting.

This report addresses deliverables related to the TTC's Investment Policy. In summary, the TTC is recommending, as part of the Board's annual review of the Investment Policy, to add a new section titled, "Consideration of Environmental, Social and Corporate Governance (ESG) Scores," and to incorporate Sustainalytics ESG scores as part of our analysis of investment issuers. The motion deliverables related to the Deferred Compensation Plan Administrative Committees and the Los Angeles County Employees Retirement Association will be reported on separately in the near future.

## **BACKGROUND ON INVESTMENT POLICY, TREASURY POOL AND OPERATIONS**

### **Investment Policy**

On an annual basis, the TTC seeks delegated authority from the Board to invest and reinvest County funds and funds of other depositors in the County Treasury, and approval of its Investment Policy. A fundamental aspect of our Investment Policy is as follows:

*The Treasurer, a trustee, is inherently a fiduciary and subject to the prudent investor standard. Accordingly, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing investments, the investment decisions SHALL be made with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity would use with like aims. All investments SHALL be governed by the Government Code and comply with the specific limitations set forth within this Investment Policy.*

In addition, the Investment Policy describes the prioritized objectives of the Pooled Surplus Investments (PSI) portfolio (Treasury Pool):

*The primary objective SHALL be to ensure the safety of principal. The secondary objective SHALL be to meet the liquidity needs of the PSI participants, which might be reasonably anticipated. The third objective SHALL be to achieve a return on funds invested, without undue compromise of the first two objectives.*

### **Treasury Pool**

The TTC manages the Treasury Pool on behalf of Pool participants, both mandatory and voluntary. Mandatory Pool participants include the County, local school and community college districts within the County, and the Superior Courts. Voluntary participants consist of the Sanitation Districts, the Metropolitan Transportation Authority, the South Coast Air Quality Management District and certain other municipal agencies. The interest earned from the Treasury Pool, less expenses, is allocated among the Pool participants monthly. The current approximate value of the Treasury Pool is \$32 billion.

### **Investment Operations**

Upon the daily opening of the U.S. financial markets, the TTC's Investment Office (IO) staff accesses Bloomberg Financial Systems (Bloomberg), a real time system of financial data and analysis, to gather relevant market information and execute transactions to invest surplus cash in the Treasury Pool. A limited supply of fixed

income investment opportunities exist, and there is significant demand from other municipalities seeking similar fixed income opportunities. As a result, IO staff must make immediate decisions on their investment selections as they become available, taking the following factors into consideration:

- Type - certificates of deposit, commercial paper, corporate notes, municipal bonds, asset backed securities, and money market accounts;
- Duration - short-term cash needs (up to one year), intermediate (one to three years), medium (three to five years) and long-term (over five years);
- Price - cost of the investment;
- Yield - return on investment; and
- Credit rating of the issuer – issuers are pre-screened by the TTC and an approved list of issuers meeting Investment Policy standards is updated quarterly.

On a monthly basis, the TTC summarizes all investment activity executed by the IO and reports it to your Board in accordance with Government Code Section 53646 and the Investment Policy. This report summarizes investments by type, issuer, date of maturity, par value, historical cost, market value and the source of the market valuation. Our current Investment Accounting System does not have the ability to track investments by business sector, and we do not have the personnel resources to track this information manually. However, the TTC is planning to issue a Request for Proposals for a new Investment Accounting System in 2021, and we intend to seek additional reporting functionality in the subsequent system.

#### Important Notes on Investments and Treasury Pool Earnings

1. It is important to note that the daily investment activity of the Treasury Pool is largely focused on commercial paper investing (i.e., providing funding to debt issuers for a stated rate of return). The IO does not invest in equities, or shares of ownership in corporations, as that is not permitted under the Government Code. IO investment selections are not made by industry sector, as sector does not substantially impact the safety, liquidity and yield of the portfolio.
2. Investment earnings are a critical revenue source in the budgets for all pool participants. This revenue source has become increasingly stressed with an interest environment of near 0% to 0.25%. Further pressures created by the 2019 Novel Coronavirus (COVID-19) pandemic negatively impacted the economy and the financial position of the County. The TTC's efforts to maintain returns on the Treasury Pool is and continues to be a high priority. Accordingly, we focused on ensuring that our final recommendations would not negatively impact the yield of the Treasury Pool.

## **CONSIDERATION OF ESG AND SRI IN INVESTMENT DECISIONS**

There is growing interest among governing authorities of local agencies to incorporate ESG and SRI considerations in their investment decisions. To evaluate the potential for incorporating ESG and SRI considerations into its Investment Policy, the TTC obtained the legal opinion of Olson Remcho LLP (Counsel), a firm experienced in advising governmental agencies and public retirement systems.

As described in Counsel's opinion, "ESG refers to three key types of factors that can impact a government's credit profile." Using this approach, an investor considers the impacts of environmental, social and governance factors on an investment's financial viability and therefore its credit risk, when making an investment decision.

Although SRI is oftentimes used interchangeably with ESG, it is important to distinguish the two. Counsel noted that SRI refers to applying a "positive" or "negative" screen on potential investments dependent on the investment's environmental and social impacts at large. Using this approach, an investor considers the environmental and social impacts of an investment when making an investment decision, choosing to invest more in investments with positive environmental or social impacts and less in investments with negative environmental or social impacts.

One of the key challenges to consider in incorporating ESG and SRI factors in our investment decisions, is the wide range of definitions and lack of a unified rating system. As noted by the California Debt and Investment Advisory Commission, "currently, there are no 'official' standards defining SRI or ESG criteria." Environmental factors may range from green-house gas emissions, to waste management, to environmental impacts. Social issues range from human rights, to labor relations, to employee well-being. Governance issues range from management strategy, to governance structure, to financial transparency.

In our review of this information, ESG or SRI factors are germane primarily to the portion of the Treasury Pool invested in corporations, through debt investments like commercial paper and corporate notes, which are generally held until maturity. In our research, we noted that 36% of our approved issuers have ESG scores in Bloomberg, and in Fiscal Year 2019-20, the purchase volume of investments in these issuers totaled \$20 billion. In speaking with our Bloomberg representative, we determined that ESG ratings are focused primarily on corporate issuers of medium and long-term debt and there are no SRI ratings currently available. We anticipate ESG scoring will expand to include a larger population of our issuers as ESG continues to evolve. We will continue to monitor developments in the SRI arena to determine how to incorporate SRI considerations in the future.

## **FIDUCIARY OBLIGATIONS UNDER GOVERNMENT CODE**

The TTC's investment activities are governed by the fiduciary duties imposed by the Government Code. Counsel's opinion noted that the Government Code holds the TTC to a prudent investor standard in its investments, whether the funds are County funds, school district, community college or superior court funds that must be invested in the Treasury Pool, or funds that municipal agencies choose to invest in the Treasury Pool. This standard requires the TTC to act as a prudent investor would act in similar circumstances. In addition, the Government Code requires a county treasurer to focus on the safeguard of principal, maintenance of liquidity, and achievement of investment return, in that priority order.

Counsel confirmed that the fiduciary duties set forth in the Government Code prevent the TTC from choosing an investment alternative based on ESG and SRI considerations that is financially less beneficial than an available alternative. However, ESG and SRI factors can be important considerations in the evaluation of the long-term return provided by investments, and ESG and SRI factors can be validly included in the assessment of potential investments along with other relevant economic factors, so long as the evaluation relates to the risk and return profile of the investment.

## **REVIEW OF OTHER GOVERNMENTAL AGENCIES ON ESG/SRI POLICIES**

We reviewed the investment policies of the other 57 California counties to strengthen our understanding of our peers' approach to ESG or SRI considerations. Based on our research, we determined that nine counties reference ESG/SRI in their investment policies. Several of those nine included general statements that they will invest in companies that have a positive social impact. Other counties incorporated statements that encouraged investments in entities that supported certain behaviors such as environmentally sound practices and support of equality of rights; and discouraged investments in entities in certain industries such as manufacturers of tobacco products, firearms, or nuclear weapons.

We also found that many counties included statements that prioritized the fiduciary objectives of ensuring safety, liquidity, and yield before ESG/SRI considerations. For example, Alameda County's Investment Policy states, "Investments will be made with responsible investment goals to the extent such investments achieve substantially equivalent safety, liquidity and yield compared to other investment opportunities available at the same time." Mendocino County's Investment Policy states, "In the event all general objectives mandated by state law and set forth in Section III above are met and created equal, investments in corporate securities and depository institutions will be evaluated for social and environmental concerns." These statements make clear



that the fiduciary mandates must be met first before considering the additional ESG or SRI factors.

We also reviewed the investment policy for the State of California and found no statements relating to ESG or SRI.

### **RECOMMENDATION TO OPERATIONALIZE ESG RATINGS**

Counsel noted in their opinion, "If the TTC acts with the requisite prudence in obtaining advice on proposed (investment) policy additions and ESG scoring from an appropriate expert or experts in the ESG field, then in our view that would satisfy his fiduciary Duty of Care." As TTC staff are not experts in the field of ESG, we looked for a service that provided a fully formed, composite ESG rating score as opposed to individual ratings on the various factors. In addition, staff were conscious of the fees and costs of additional services that would impact the Treasury Pool yield.

The TTC identified Sustainalytics, a well-known company in the ESG arena, as providing composite ESG scores for the companies it reviews. These scores are currently available without any additional fees through the TTC's subscription to Bloomberg. Not all issuers have an ESG score, but we expect scores to become more readily available over time as the industry matures and ratings become standardized.

The TTC recommends, during the Board's annual review of the Investment Policy, incorporating Sustainalytics ESG scores as part of our analysis of pre-approved investment issuers. Sustainalytics provides a Median ESG score by its categories of industry or major business sector. We propose that if an issuer's composite ESG score is lower than the Median score for its industry, we will reduce the investment limits available for that issuer. The percentage reduction in the investment limit will be on a sliding scale based on the deviation from the Median score. This will be re-evaluated on a quarterly basis as part of our standard issuer list review process.

The TTC applied the proposed ESG scoring methodology to our existing holdings and determined that it would not impact our investment yields. In addition, there is no additional cost to utilize this methodology.

### **AFFIRMATIVE STATEMENT OF RESPONSIBILITY**

In March 2021, during the Board's annual review of the Investment Policy, the TTC intends to recommend a modification to its Investment Policy to include ESG factors to inform our decision making in the overall investment strategy. A new section "Consideration of Environmental, Social and Corporate Governance (ESG) Scores" will be added to the Investment Policy:



*The Treasurer considers that environmental, social and governance (ESG) factors may financially impact the safety, liquidity and yield of investment opportunities. The Treasurer therefore may pursue pragmatic and cost-effective means to consider such factors to fulfill the objectives set forth for the PSI Portfolio.*

*The Treasurer may also seek to further the County's sustainability goals and enhance the transition to a green economy, consistent with the County's Sustainability Plan, OurCounty, in its investment decisions, as long as such investments achieve substantially equivalent safety, liquidity and yield compared to other investment opportunities.*

## **CONCLUSION**

In conclusion, the TTC is recommending, as part of the Board's annual review of the Investment Policy, to add a new section titled, "Consideration of Environmental, Social and Corporate Governance (ESG) Scores," and to incorporate Sustainalytics ESG scores as part of our analysis of investment issuers. We believe this to be an impactful first step in implementing the Board's directive without adding to the cost of managing the Treasury Pool. We will evaluate the results of these efforts and provide an annual update to your Board during our Investment Policy approval process. In addition, we will monitor and report on any future considerations related to SRI.

Should your Board have any questions, please contact me directly or your staff may contact Elizabeth Buenrostro Ginsberg, Chief Deputy, at (213) 974-0703 or [eginsberg@ttc.lacounty.gov](mailto:eginsberg@ttc.lacounty.gov).

KK:EBG:NWI:DW

c: Acting Chief Executive Officer  
Executive Officer, Board of Supervisors  
County Counsel



**KEITH KNOX**  
TREASURER AND TAX COLLECTOR

# COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

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**KATHRYN BARGER**  
Fifth District

February 9, 2022

TO: Supervisor Holly J. Mitchell, Chair  
Supervisor Hilda L. Solis  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn  
Supervisor Kathryn Barger

FROM: Keith Knox   
Treasurer and Tax Collector

SUBJECT: **BOARD MOTION MARCH 31, 2020 – AGENDA ITEM NO. 29**  
**SECOND REPORT BACK ON SOCIALLY RESPONSIBLE INVESTING**

On March 31, 2020, your Board adopted a motion to:

1. Submit a report to the Board in 180 days that includes a proposal to incorporate considerations related to Environmental, Social and Corporate Governance (ESG) investing and Socially Responsible Investing (SRI) into the March 2021 Treasurer and Tax Collector Investment Policy update, along with an analysis of how these considerations are aligned with our fiduciary obligations under the Government Code and how other comparable governmental agencies consider ESG and SRI issues in their investment policies.
2. Instruct the Chief Executive Officer and the Treasurer and Tax Collector, with support from the Chief Sustainability Officer, to request that the Plan Administrative Committees (PACs) for the County's Deferred Compensation Plans (Plans) consider whether and to what extent ESG and/or SRI factors may be taken into account expressly in the Plans' investment policies and when selecting investment fund options and the related investment managers, consistent with the PACs' fiduciary obligations and applicable state and federal laws.
3. Instruct the Chief Executive Officer, with support from the Chief Sustainability Officer, to engage in a dialogue with the appropriate LACERA staff about LACERA's approach to incorporating ESG factors as part of its investment policy and decisions and to share the County's own Statement of Investment Responsibility, so that both entities may benefit from shared knowledge and experience.

On October 30, 2020, the Treasurer and Tax Collector submitted an initial report to your Board that addressed the ESG and SRI considerations for the Treasury Pool investments and Investment Policy, referenced above in directive one. This Second Report Back addresses the impact of ESG and SRI considerations on the PACs and LACERA as referenced in directives two and three above.

### **EXECUTIVE SUMMARY**

In response to the directives in the motion, my office evaluated how ESG relates to the Plans in three steps: 1) reviewing the role ESG currently plays in the Plans, 2) understanding any potential limitations imposed by our fiduciary roles and 3) gathering any lessons learned from other jurisdictions.

- 1) Currently, the PACs incorporate elements of ESG through the following:
  - a. Investment managers apply ESG principles within the Plans' investment options;
  - b. Providing participants with access to ESG-themed investment funds in the Self-Directed Brokerage Option Plan (SDBO); and
  - c. Exercising proxy voting power relating to ESG issues.
- 2) As the legally designated fiduciaries for the Plans, each PAC can legally incorporate ESG factors in its Investment Policy as long as investment decisions are focused on economic benefits to Plan participants.
- 3) Our survey of other plans showed that our consideration of ESG is at the leading edge of ESG investment policy development among our public defined contribution peers.

After consultation with counsel and the stakeholders identified in the motion, we determined that each PAC can and should update its respective investment policy to reflect ESG through the following:

- 1) Adding a common definition for ESG and SRI;
- 2) Including more robust language regarding fiduciary duties; and
- 3) Acknowledging the role of investment managers in applying ESG principles in their professional evaluation of the economic return and risk of investments.

These investment policy updates were presented to the PACs and unanimously approved on October 29, 2021.

### **BACKGROUND**

The County of Los Angeles Deferred Compensation Program offers three deferred

compensation plans (each a Plan and collectively, the Plans):

- 457(b) Deferred Compensation and Thrift Plan (Horizons) – available to all full-time employees;
- 401(k) Savings Plan (Savings) – available to non-represented employees; and
- 457(b) Pension Savings Plan (PSP) – available to part-time, temporary, and seasonal employees.

Each Plan is governed by its own PAC, which adopts an investment policy. The Horizons PAC has four County administrators, four labor representatives and one independent member. The Savings PAC has five County administrators. The PSP's PAC has four County administrators and two labor representatives.

### **PACs, FIDUCIARY OBLIGATIONS AND OTHER LEGAL CONSTRAINTS**

As Plan fiduciaries, each PAC and investment manager must comply with the fiduciary duties of loyalty, prudence and diversification in accordance with the common law regarding trusts, as informed by guidance under the Employee Retirement Income Security Act of 1974 (ERISA) as best practices<sup>1</sup>, the “exclusive benefit” rule under the Internal Revenue Code,<sup>2</sup> and discrimination prohibitions detailed in the California Constitution.<sup>3</sup> Investing that does not further the financial interests of Plan participants or that grants preferential treatment to, or discriminates against, a group or individual can violate these requirements.

The PACs may not accept lower returns or greater risks to promote ESG considerations. ESG factors may be a component in evaluating return and risk or, in very rare cases, as a “tiebreaker” between economically-equivalent alternatives.

### **ESG WITHIN THE PLANS**

ESG factors were already reflected through the Plans' investments in the following ways:

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<sup>1</sup> The PACs follow fiduciary guidance under ERISA as best practice when managing the Plans and making investment-related decisions. While the Plans are not subject to ERISA, ERISA is derived from the common law of trusts and modern investment theory, and, thus, provides relevant guidance on application of fiduciary principles.

<sup>2</sup> The Internal Revenue Code requires Plan assets be used for the exclusive benefit of participants and beneficiaries to retain tax-favored status. The Internal Revenue Service has concluded that Social investing that does not further the financial interests of Plan participants can violate this requirement.

<sup>3</sup> The California Constitution prohibits discrimination against, or granting preferential treatment to, any individual or group based on race, sex, color, ethnicity, or national origin, in the operation of public contracting. Consequently, the PACs cannot hire investment managers in such a manner as to violate this state law prohibition. Data collection on these characteristics, however, is permitted for statistical purposes, provided that the information is not used to grant preferential treatment to, or discriminate against, an individual or group.

1. Investment managers consider ESG factors on economic outcomes. A significant proportion of the Plans' investment managers are signatories to Principles for Responsible Investment (PRI), which publicly demonstrates an organization's commitment to responsible investing. This status reflects a manager's commitment to incorporate ESG factors into its investment decisions. Currently, 94% and 91% of assets are managed by a PRI Signatory in Horizons and Savings, respectively.<sup>4</sup>

The PACs delegate specific consideration of ESG factors to the investment managers in their evaluation of risk and return but have not required PRI Signatory status as it would limit investment opportunities without evidence of improved performance. The PACs review each investment manager's process and monitor and evaluate its performance.

2. Participants may access ESG-themed funds through the Self-Directed Brokerage Option. Horizons and Savings each offer the SDBO, through which participants can invest consistent with their unique investment beliefs and values. The SDBO currently offers 250 mutual funds and 105 ETFs categorized as socially responsible.
3. The Plans address ESG issues through proxy voting activities. The Plans exercise shareholder voting rights with publicly traded firms to improve ESG factors in accordance with the PACs' fiduciary duty. While the PACs must vote solely to improve economic interests of participants and beneficiaries, often these proxy votes align with the County's initiatives. For example, proxies are voted to support and encourage diverse corporate boards of directors and improve environmental reporting from companies, aligning with County initiatives on diversity and inclusion and environmental reporting.

## **ANALYSIS OF OTHER GOVERNMENTAL AGENCIES**

To complete our analysis, we polled other governmental defined contribution plans belonging to the National Association of Government Defined Contribution Administrators (NAGDCA), which represents plans in 59 states and territorial government entities and 177 local government entities. The survey requested information on ESG-themed funds offered, investment policy language related to ESG, if any, and whether the respondent is considering either of the two. Only two plans offer ESG-themed funds, but neither has ESG language in their investment policy statements, although one was considering ESG language. These responses lead to a conclusion that Los Angeles County is at the forefront of the development and implementation of ESG Policy language.

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<sup>4</sup> Plan statistics as of 09/30/2021. Horizons: \$14,385,353,959 of \$15,295,009,545 (94% of total investments) are managed by a PRI Signatory. Savings: \$3,652,986,225 of \$4,029,383,292 (91% of total investments) are managed by a PRI Signatory.

## **INVESTMENT POLICY REVISED TO ADDRESS ESG**

Staff from my office presented ESG-related investment policy language to the PACs at their October 29, 2021, meeting. The revised investment policies were approved by each respective PAC. The revised policy language accomplished several objectives. First, it added a common definition for ESG and SRI and prohibited the exclusion of potential investments based on SRI. Second, it included more robust guidance on fiduciary duties, noting that the primary focus of investment decisions must be based on the economic benefit to Plan participants and beneficiaries. Third, the section on the roles and responsibilities of the Plans' investment managers was expanded to indicate that investment managers' consideration of ESG information must always be grounded in fiduciary duties of loyalty, prudence, diversification, and directed to the economic interests of the Plan participants and beneficiaries.

## **COLLABORATION WITH LACERA**

The Board Motion also directed a dialogue, sharing knowledge and experience, between the Chief Executive Officer, Treasurer and Tax Collector and LACERA about LACERA's approach to incorporating ESG factors in its investment policy and decisions, and to share the County's own Statement of Investment Responsibility. This dialogue resulted in a determination to convene semi-annual meetings to discuss a range of strategies, resources, considerations, and tools for pragmatic approaches to incorporate ESG factors into investment strategies. To date, the discussions have focused on ESG integration into investment due diligence and monitoring; available resources, data, and tools related to analyzing ESG risks and opportunities; how ESG integration may vary across investment strategies; and market efforts to enhance the quality and reliability of investment-useful, ESG data and corporate disclosures. Importantly, the dialogue facilitates more cohesion between our agencies and ensures that these discussions will continue into the future.

Should your Board have any questions, please contact me directly or your staff may contact Elizabeth Buenrostro Ginsberg, Chief Deputy, at (213) 974-0703 or [eginsberg@ttc.lacounty.gov](mailto:eginsberg@ttc.lacounty.gov).

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doc/Board Motion\_March 31, 2020\_Agenda Item No.29\_2nd Report Back on Socially Responsible Investing\_020922

c: Fesia Davenport, Chief Executive Officer  
Rodrigo A. Castro-Silva, County Counsel  
Santos Kreimann, LACERA Chief Executive Officer  
Gary Gero, Chief Sustainability Officer  
PAC Members